

RESOLUTION _____

A RESOLUTION authorizing the Director of Housing to enter into a Multifamily Housing Limited Property Tax Exemption Agreement on behalf of the City of Seattle for new multifamily rental housing to be constructed as part of a mixed-use project on property situated at 507 Northeast Northgate Way, Seattle, Washington, under Seattle's 2004 Multifamily Housing Property Tax Exemption Program, Chapter 5.73 SMC.

WHEREAS, 507 Northgate LLC has submitted a complete application for multifamily housing limited property tax exemption as required by SMC Chapter 5.73, proposing to construct multifamily housing ("Multifamily Housing") known as 507 Northgate Apartments, on property situated at 507 Northeast Northgate Way in Seattle, Parcel Numbers 2926049307 and 2926049038, legally described as follows:

PARCEL A:

THE NORTH 180 FEET OF THE WEST 282 FEET OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 26 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY, WASHINGTON; EXCEPT THAT PORTION THEREOF LYING WESTERLY OF THE EAST LINE OF FIFTH AVENUE NORTHEAST AS ESTABLISHED IN DEED RECORDED UNDER RECORDING NO. 8111020172; ALSO EXCEPT THE NORTH 40 FEET FOR NORTHEAST NORTHGATE WAY; AND EXCEPT THAT PORTION LYING NORTH AND EAST OF THE FOLLOWING DESCRIBED LINE: COMMENCING AT THE SOUTHEAST CORNER OF THE ABOVE DESCRIBED PROPERTY; THENCE NORTH 00°00'22" WEST ALONG THE EAST LINE THEREOF 120.06 FEET TO THE BEGINNING OF SAID LINE; THENCE NORTH 88°29'53" WEST 5.58 FEET; THENCE NORTH 01°25'33" EAST 20.00 FEET TO A POINT ON THE SOUTH MARGIN OF NORTHEAST NORTHGATE WAY AND THE TERMINUS OF SAID LINE.

(ALSO KNOWN AS NEW PARCEL A OF CITY OF SEATTLE LOT BOUNDARY ADJUSTMENT RECORDED UNDER RECORDING NO. 20070315900008).

PARCEL B:

THE WEST 282 FEET OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 26 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY, WASHINGTON; EXCEPT THE NORTH 180 FEET THEREOF;

1 AND EXCEPT THE WEST 34.5 FEET THEREOF FOR ROAD PURPOSES AS
2 CONTEMPLATED BY ORDINANCE NO. 91334 OF THE CITY OF SEATTLE;
3 TOGETHER WITH THE EAST 6.50 FEET OF THE WEST 288.50 FEET OF THE
4 SOUTH 103.50 FEET OF THE NORTH HALF OF THE NORTHWEST QUARTER OF
5 THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 29,
6 TOWNSHIP 26 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY
7 WASHINGTON.

8 (ALSO KNOWN AS NEW PARCEL C OF CITY OF SEATTLE LOT BOUNDARY
9 ADJUSTMENT RECORDED UNDER RECORDING NO. 20070315900008).

10 PARCEL C:

11 EASEMENT AND BENEFICIAL RIGHTS CONTAINED IN DOCUMENT ENTITLED
12 "RECIPROCAL EASEMENT AGREEMENT FOR ACCESS, TIEBACKS AND
13 UTILITIES" RECORDED UNDER RECORDING NO. 20061117001015, AS
14 AMENDED BY INSTRUMENT RECORDED UNDER RECORDING NO.
15 20070316001563; and

16 WHEREAS, the Director of Housing has determined that the Multifamily Housing, if completed
17 as proposed, will comply with the provisions of SMC 5.73.040 and, in accordance with
18 SMC 5.73.060 A., has approved the application for limited property tax exemption for the
19 proposed Multifamily Housing;

20 NOW, THEREFORE,

21 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**
22 **MAYOR CONCURRING, THAT:**

23 The Director of Housing is authorized to enter into the Multifamily Housing Limited
24 Property Tax Exemption Agreement concerning the Multifamily Housing, in substantially the
25 form attached as Exhibit A, on behalf of the City of Seattle.
26
27
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Adopted by the City Council the ____ day of _____, 2008, and signed by me in
open session in authentication of its adoption this ____ day of _____, 2008.

President _____ of the City Council

THE MAYOR CONCURRING:

Gregory J. Nickels, Mayor

Filed by me this ____ day of _____, 2008.

City Clerk

(Seal)

Exhibit A: Multifamily Housing Limited Property Tax Exemption Agreement

Exhibit A

MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT

THIS MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT (“Agreement”) is entered into on the date signed below between 507 Northgate LLC, a Washington limited liability company, referred to as “Applicant,” and The City of Seattle, a Washington municipal corporation, referred to as “City”.

Recitals.

1. Applicant applied, prior to July 1, 2007, for a limited property tax exemption as provided for in Chapter 84.14 RCW and Chapter 5.73 SMC for new multifamily rental housing (“Multifamily Housing”) in the Northgate residential targeted area, and the Director of Housing (“Director”) has approved the application; and
2. Applicant has submitted to the City preliminary site plans and floor plans for the Multifamily Housing to be constructed as part of a mixed-use project (“Project”) on property situated at 507 NE Northgate Way in Seattle, Washington, and described more specifically as follows:

PARCEL A:

**THE NORTH 180 FEET OF THE WEST 282 FEET OF THE NORTH HALF OF
THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE**

SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 26 NORTH, RANGE
4 EAST, W.M., IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION THEREOF LYING WESTERLY OF THE EAST
LINE OF FIFTH AVENUE NORTHEAST AS ESTABLISHED IN DEED
RECORDED UNDER RECORDING NO. 8111020172;

ALSO EXCEPT THE NORTH 40 FEET FOR NORTHEAST NORTHGATE
WAY;

AND EXCEPT THAT PORTION LYING NORTH AND EAST OF THE
FOLLOWING DESCRIBED LINE:

COMMENCING AT THE SOUTHEAST CORNER OF THE ABOVE
DESCRIBED PROPERTY;

THENCE NORTH 00°00'22" WEST ALONG THE EAST LINE THEREOF
120.06 FEET TO THE BEGINNING OF SAID LINE;

THENCE NORTH 88°29'53" WEST 5.58 FEET;

THENCE NORTH 01°25'33" EAST 20.00 FEET TO A POINT ON THE SOUTH
MARGIN OF NORTHEAST NORTHGATE WAY AND THE TERMINUS OF
SAID LINE.

(ALSO KNOWN AS NEW PARCEL A OF CITY OF SEATTLE LOT
BOUNDARY ADJUSTMENT RECORDED UNDER RECORDING NO.
20070315900008).

PARCEL B:

THE WEST 282 FEET OF THE NORTH HALF OF THE NORTHWEST
QUARTER OF THE SOUTHWEST QUARTER OF SOUTHEAST QUARTER
OF SECTION 29, TOWNSHIP 26 NORTH, RANGE 4 EAST, W.M., IN KING
COUNTY, WASHINGTON;

EXCEPT THE NORTH 180 FEET THEREOF;

AND EXCEPT THE WEST 34.5 FEET THEREOF FOR ROAD PURPOSES AS
CONTEMPLATED BY ORDINANCE NO. 91334 OF THE CITY OF
SEATTLE;

TOGETHER WITH THE EAST 6.50 FEET OF THE WEST 288.50 FEET OF
THE SOUTH 103.50 FEET OF THE NORTH HALF OF THE NORTHWEST
QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST
QUARTER OF SECTION 29, TOWNSHIP 26 NORTH, RANGE 4 EAST,
W.M., IN KING COUNTY WASHINGTON.

(ALSO KNOWN AS NEW PARCEL C OF CITY OF SEATTLE LOT
BOUNDARY ADJUSTMENT RECORDED UNDER RECORDING NO.
20070315900008).

PARCEL C:

EASEMENT AND BENEFICIAL RIGHTS CONTAINED IN DOCUMENT
ENTITLED "RECIPROCAL EASEMENT AGREEMENT FOR ACCESS,
TIEBACKS AND UTILITIES" RECORDED UNDER RECORDING NO.
20061117001015, AS AMENDED BY INSTRUMENT RECORDED UNDER
RECORDING NO. 20070316001563.

hereafter referred to as the "Property"; and

3. Applicant is the owner of the Property; and
4. No existing rental housing building that contained four or more occupied dwelling units was demolished on the Property within eighteen (18) months prior to Applicant's submission of its application for limited property tax exemption; and
5. The City has determined that the Multifamily Housing will, if completed, occupied, and owned as proposed, satisfy the requirements for a final certificate of tax exemption

NOW, THEREFORE, in consideration of the mutual promises herein, City and Applicant do mutually agree as follows:

1. Conditional Certificate of Acceptance of Tax Exemption.

Subject to Seattle City Council ("Council") approval of this Agreement and Applicant's execution of this Agreement, City agrees to issue a conditional certificate of acceptance of tax

1 exemption (“Conditional Certificate”), which will expire three (3) years from the date of
2 approval of this Agreement by the Council unless extended by the Director as provided in SMC
3 5.73.070. Applicant understands and agrees that this Agreement and the Conditional Certificate
4 pertain to rental housing and that in the event that individual residential units within the
5 Multifamily Housing are sold, this Agreement will automatically terminate, and any Conditional
6 Certificate issued pursuant to this Agreement is void. For purposes of this Agreement, a sale will
7 be deemed to have occurred when an instrument transferring title to an occupant or proposed
8 occupant of an individual residential unit is recorded.

9
10 2. Agreement to Construct Multifamily Housing.
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12 a. Applicant agrees to construct the Project on the Property, including the
13 Multifamily Housing, substantially as described in the project plans submitted in the application,
14 subject to such modifications thereto as may be required to comply with applicable codes and
15 ordinances, including the design review process. In no event shall Applicant provide fewer than
16 four new dwelling units designed for permanent residential rental occupancy, nor shall
17 permanent residential rental housing comprise less than fifty percent of the gross floor area of the
18 Project constructed pursuant to this Agreement
19

20 b. Applicant agrees to comply with all applicable zoning requirements, land use
21 regulations, and building and housing code requirements contained or incorporated in SMC
22 Titles 22, 23, and 25. Applicant further agrees that approval of this Agreement by the Council,
23 its execution by the Director, or issuance of a Conditional Certificate by the City pursuant to
24 SMC Chapter 5.73 in no way constitutes approval of proposed improvements on the Property
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with respect to applicable provisions contained or incorporated in SMC Titles 22, 23, and 25 or obligates the City to approve proposed improvements.

c. Applicant agrees that the Multifamily Housing will be completed within three years from the date of approval of this Agreement by the Council, unless extended by the Director for cause as provided in SMC 5.73.070.

3. Agreement to Provide Affordable Housing.

a. Applicant agrees that, for the entire period of time for which the Multifamily Housing receives a tax exemption, a certain minimum number of the residential units in the Project shall be Affordable Units. Affordable Units means residential units rented at an Affordable Rent (defined below) to Income Eligible Occupants. In accordance with SMC 5.73.040 G.1., there are three options for complying with this requirement: 1) 20% of units to be rented at Affordable Rent to tenants whose Household Annual Income at initial occupancy is no greater than 60% of Median Income; 2) 25% of units to be rented at Affordable Rent to tenants whose Household Annual Income at initial occupancy is no greater than 65% of Median Income; or 3) 30% of units to be rented at Affordable Rent to tenants whose Household Annual Income at initial occupancy is no greater than 70% of Median Income. For purposes of this Agreement, Affordable Rent means that the annual rent for the unit plus an allowance for basic utilities does not exceed 30% of the percentage of Median Income chosen by the Applicant in accordance with SMC 5.73.040 G.1. Median Income means annual family median income for the Seattle-Bellevue-Everett Primary Metropolitan Statistical Area, as published from time to time by HUD, and as adjusted for household size according to the method used by HUD for income limits in subsidized housing. For purposes of rent limits, Median Income generally is adjusted according

1 to the presumed family size based on the number of bedrooms in a unit, consistent with HUD
2 rules for the HOME program. Income Eligible Occupants means that the Household Annual
3 Income of the tenant household that will occupy the rental unit, at the time of the tenant
4 household's initial occupancy, is no greater than the percentage of Median Income chosen by the
5 Applicant in accordance with SMC 5.73.040 G.1. Household Annual Income is defined in
6 subsection c.(2) below.

7
8 b. Applicant must designate in writing to the City which of the three (3) options
9 listed in subsection a. above the Multifamily Housing will comply with, no later than the date of
10 application for the final certificate of tax exemption ("Final Certificate").

11
12 c. Applicant is responsible for verifying the income of households occupying
13 Affordable Units no later than the date of initial occupancy.

14
15 (1) Prospective tenants of Affordable Units shall be advised of the definition
16 of Household Annual Income at the time they are provided with an application for
17 tenancy.

18
19 (2) For purposes of this Agreement, Household Annual Income means the
20 aggregate annual income of all persons over eighteen (18) years of age residing within the
21 same household for a period of at least one month and shall be calculated for prospective
22 tenants by projecting the income anticipated to be received over the twelve-month period
23 following the date of initial occupancy, based on the prevailing rate of income of each
24 person at the time of income verification, which shall be no more than six (6) months
25 prior to the date of initial occupancy.

1
2 (3) Documentation of tenant income eligibility for Affordable Units shall be
3 obtained by Applicant or Applicant's agent and maintained on file for audit or inspection
4 through the term of the tenancy, and for one (1) calendar year thereafter. Documentation
5 shall include, at a minimum, an application signed by the prospective tenant declaring
6 monthly or annual income, and certifying that the information thereon is correct, and
7 evidence of current income.
8

9 d. Applicant agrees to make good faith efforts to rent all vacant Affordable Units.
10 Applicant shall comply with all applicable fair housing and nondiscrimination laws, ordinances and
11 regulations.
12

13 e. Applicant agrees to rent Affordable Units only pursuant to a form lease or rental
14 agreement prepared by Applicant. Applicant shall provide a copy of the form of lease currently in
15 use to the City promptly upon any request by the City. The form lease or rental agreement shall
16 comply with all applicable laws; shall not include any provisions prohibited by applicable laws or
17 regulations; shall prohibit subletting or assignment of the lease without the express written approval
18 of Applicant, which approval shall not be granted by Applicant if the result would be any violation
19 of the requirements of this Agreement to provide affordable housing; and shall state that information
20 about the affordable housing requirements pursuant to SMC Chapter 5.73 is available from the
21 City's Office of Housing.
22

23 f. Applicant agrees that the mix and configuration of the Affordable Units shall be
24 substantially proportional to the mix and configuration of the total housing units in the Project
25 provided that units with the same number of bedrooms shall be combined into a single category
26
27
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1 for the purpose of compliance with this provision. If the Project contains more than one
2 building, Applicant agrees that all of the Affordable Units will not be located in the same
3 building.

4
5 g. Applicant agrees that the Affordable Units shall have substantially the same level
6 of interior fixtures and quality of finish as the other housing units in the Project.

7
8 4. Right of First Offer.

9
10 a. By execution of this Agreement Applicant hereby grants to the City or its
11 assignee, beginning on the date the Final Certificate is issued and continuing throughout the
12 entire period of the limited property tax exemption and for one (1) additional year thereafter, a
13 right of first offer under terms and conditions contained in this Section and consistent with SMC
14 5.73.040 G. Applicant agrees that this right of first offer is, and is intended to be, binding upon
15 Applicant and all successors, heirs and assigns.

16
17 b. Applicant agrees on behalf of itself and all successors, heirs and assigns, to inform
18 the City in writing, consistent with the notice provisions of Section 15 of this Agreement, of
19 Applicant's intent to sell the Multifamily Housing at least thirty (30) days prior to placing the
20 Multifamily Housing on the market for sale or taking any action to sell the Multifamily Housing.

21
22 c. Applicant agrees that the City or its assignee has twenty (20) days after receipt of
23 the notice of intent to sell the Multifamily Housing to present Applicant with a written offer
24 setting forth the price, terms and conditions under which the City or its assignee is prepared to
purchase the Multifamily Housing.

25 d. Upon notice from Applicant that the offer has been received, the City or its
26 assignee has thirty (30) calendar days in which to enter into a real estate purchase and sales

1 agreement with Applicant containing the price, terms and conditions described in the offer or
2 other price, terms and conditions agreed to by the parties.

3 e. In the event that Applicant submits a notice of intent to sell to the City and either
4 the City or its assignee does not submit an offer within the permitted timeframe, or the City or its
5 assignee submits an offer but no sale to the City or its assignee occurs for reasons not the fault of
6 Applicant, the City agrees that Applicant does not, with the exception provided below, have any
7 further obligation to offer the Multifamily Housing for sale to the City for a period of one (1)
8 year from the date the notice of intent to sell is received by the City. In the event, however, that
9 the City or its assignee makes an offer to purchase the Multifamily Housing but no sale occurs,
10 Applicant may not offer the Multifamily Housing for sale to a third party at a price or under
11 terms and conditions more favorable to the buyer than the terms offered by the City or its
12 assignee for a period of one (1) year from the date the offer is received by Applicant.

13 f. In the event of changes to the right of first offer requirements of SMC Chapter
14 5.73 that were effective on July 1, 2007, Applicant may request amendment of this Agreement to
15 conform to such changes.

16 5. Requirements for Final Certificate of Tax Exemption.

17 Applicant may, upon completion of the Multifamily Housing and upon issuance by the
18 City of a temporary or permanent certificate of occupancy, request a Final Certificate. The
19 request shall be in writing directed to the City's Office of Housing and be accompanied by all of
20 the following:

21 a. A statement of expenditures made with respect to each housing unit in the Project
22 and the total expenditures made with respect to the entire Project.

23 b. A description of the completed work and a statement of qualification for the
24 exemption.

1 c. Documentation that the Multifamily Housing was completed within the required
2 three-year period or any authorized extension and in compliance with the terms of this
3 Agreement.

4 d. Information regarding Applicant's compliance with the affordability requirements
5 in SMC 5.73.040 and this Agreement, which shall include all of the following:

6 (1) Designation of which affordability option, contained in SMC 5.73.040 G.1.
7 and referenced in Section 3 above, Applicant will follow.

8 (2) Identification of all Affordable Units, whether rented or held vacant to be
9 rented by Income Eligible Occupants.

10 (3) Rents (or offering rents, as applicable) for all Affordable Units.

11 (4) A copy of the application form used for rental of Affordable Units.

12 (5) A copy of the form of lease or rental agreement to be used for Affordable
13 Units.
14

15 e. Any such further information that the Director deems necessary or useful to
16 evaluate eligibility for the Final Certificate.
17

18
19 6. Agreement to Issue Final Certificate.

20
21 The City agrees to file a Final Certificate with the King County Assessor within forty (40)
22 days of submission of all materials required by Section 5, if Applicant has:

23 a. successfully completed the Multifamily Housing in accordance with the terms of
24 this Agreement and SMC Chapter 5.73; and
25
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b. filed a request for a Final Certificate with the City's Office of Housing and submitted the materials described in Section 5 above; and

c. paid to the City a fee in the amount of \$150.00 to cover the Assessor's administrative costs; and

d. met all other requirements provided in SMC Chapter 5.73 for issuance of the Final Certificate.

7. Annual Certification.

Within thirty (30) days after the first anniversary of the date the City filed the Final Certificate with the King County Assessor and each year thereafter for a period of ten (10) years, Applicant agrees to file a certification or declaration with the Director, verified upon oath or affirmation, with respect to the accuracy of the information provided therein, containing the following:

a. a statement of the occupancy and vacancy of the Multifamily Housing during the previous year; and

b. a statement that the Multifamily Housing has not changed use since the date of filing of the Final Certificate; and

c. a statement that the Multifamily Housing continues to be in compliance with this Agreement and the requirements of SMC Chapter 5.73; and

1 d. a description of any improvements or changes to the Project made after the filing
2 of the Final Certificate or the previous annual certification; and

3
4 e. information and documentation sufficient to demonstrate, to the satisfaction of the
5 Director, compliance with the affordability requirements of SMC 5.73.040 G.1. and this
6 Agreement, which shall, at minimum, include the following:

7
8 (1) identification of each Affordable Unit, and any substitution of Affordable
Units during the previous year; and

9
10 (2) for each Affordable Unit that was initially occupied or that had a change of tenancy during the previous year, the date of
11 each tenant's initial occupancy, the household size and Household Annual Income of each tenant household at initial occupancy, and the
12 rent charged at initial occupancy; and

13
14 (3) for any Affordable Units with turnover during the previous calendar year,
15 the date on which any tenancy was terminated, and the time during which the unit remained
16 vacant; and

17
18 (4) the current contract rent on the anniversary date of the Final Certificate for
19 each Affordable Unit.

20
21 8. No Violations for Duration of Exemption.

22
23 For the duration of the limited tax exemption granted under SMC Chapter 5.73, Applicant
24 agrees that the Project and the Property will have no violations of applicable zoning
25 requirements, land use regulations, and building and housing code requirements contained in
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SMC Titles 22, 23, and 25 for which the City's Department of Planning and Development or its functional successor shall have issued a notice of violation, citation or other notification that is not resolved by a certificate of compliance, certificate of release, withdrawal, or another method that proves either compliance or that no violation existed, within the time period for compliance, if any, provided in such notice of violation, citation or other notification or any extension of the time period for compliance granted by the Director of the Department of Planning and Development.

9. Notification of Transfer of Interest or Change in Use.

Applicant agrees to notify the Director within thirty (30) days of any transfer of Applicant's ownership interest in the Project or the Property. Applicant further agrees to notify the Director and the King County Assessor within sixty (60) days of any change of use of any or all of the Multifamily Housing to another use. Applicant acknowledges that such a change in use may result in cancellation of the limited tax exemption and imposition of additional taxes, interest and penalties pursuant to State law.

10. Cancellation of Exemption - Appeal.

a. The City reserves the right to cancel the limited tax exemption if at any time the Multifamily Housing no longer complies with the terms of this Agreement or with the requirements of SMC Chapter 5.73, or for any other reason no longer qualifies for a limited tax exemption.

1 b. If the limited tax exemption is canceled for non-compliance, Applicant
2 acknowledges that State law requires that an additional real property tax is to be imposed in the
3 amount of: (1) the difference between the tax paid and the tax that would have been paid if it had
4 included the value of the non-qualifying improvements, dated back to the date that the
5 improvements became non-qualifying; (2) a penalty of 20% of the difference calculated under (1)
6 of this subsection b.; and (3) interest at the statutory rate on delinquent property taxes and
7 penalties, calculated from the date the tax would have been due without penalty if the
8 improvements had been assessed without regard to the exemptions provided by RCW Chapter
9 84.14 and SMC Chapter 5.73. Applicant acknowledges that, pursuant to RCW 84.14.110, any
10 additional tax owed, together with interest and penalty, become a lien on the Property and attach
11 at the time of any change of use of any or all of the Multifamily Housing or at the time that all or
12 any portion of the Multifamily Housing no longer meets applicable requirements, and that the
13 lien has priority to and must be fully paid and satisfied before a recognizance, mortgage,
14 judgment, debt, obligation, or responsibility to or with which the Property may become charged
15 or liable. Applicant further acknowledges that RCW 84.14.110 provides that any such lien may
16 be foreclosed in the manner provided by law for foreclosure of liens for delinquent real property
17 taxes.

18
19 c. Upon determining that a limited tax exemption is to be canceled, the Director, on
20 behalf of the Council, shall notify the owner of the Property by certified mail, return receipt
21 requested. The owner of the Property may appeal the determination in accordance with RCW
22 84.14.110 and SMC 5.73.110.

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24 11. Amendments.
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1 No modification or amendment of this Agreement shall be made unless mutually agreed
2 upon by the parties in writing and unless in compliance with the provisions of SMC 5.73.065.
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12. Binding Effect.

The provisions, covenants, and conditions contained in this Agreement are binding upon the parties hereto and their legal heirs, representatives, successors, assigns, and subsidiaries and are intended to run with the land.

13. Recording of Agreement.

The Director shall cause to be recorded, or require Applicant to record, in the real property records of the King County Department of Records and Elections, this Agreement and any other documents as will identify such terms and conditions of eligibility for limited tax exemption as the Director deems appropriate for recording, including requirements under SMC Chapter 5.73 relating to affordability.

14. Audits and Inspection of Records.

Applicant understands and agrees that the City has the right to audit or review appropriate records to assure compliance with this Agreement and SMC Chapter 5.73 and to perform evaluations of the effectiveness of the Multifamily Tax Exemption program. Applicant agrees to make appropriate records available for review or audit upon seven (7) days' written notice by the City.

15. Notices.

1 All notices to be given pursuant to this Agreement shall be in writing and shall be deemed
2 given when hand-delivered within normal business hours, when actually received by facsimile
3 transmission, or two business days after having been mailed, postage prepaid, to the parties hereto
4 at the addresses set forth below, or to such other place as a party may from time to time designate in
5 writing.

6
7
8
9 APPLICANT:

10 507 Northgate LLC
11 330 112th NE #200
12 Bellevue WA 98004
13 Phone (425) 455-9976 Fax: (425) 646-3374
14 Attention: Kevin Wallace
15
16
17
18

19 CITY:

20 City of Seattle
21 Office of Housing
22 700 Fifth Avenue, #5700
23 PO Box 94725
24 Seattle, Washington 98124-4725
25 Phone: (206) 684-0721 Fax: (206) 233-7117
26 Attention: Director
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16. Severability.

In the event that any term or clause of this Agreement conflicts with applicable law, such conflict shall not affect other terms of this Agreement that can be given effect without the conflicting terms or clause, and to this end, the terms of the Agreement are declared to be severable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates
indicated below.

THE CITY OF SEATTLE

APPLICANT

Office of Housing

507 Northgate LLC

a Washington limited liability company

By: _____

By: The Northwestern Mutual Life Insurance

Adrienne E. Quinn, Director

Company,

a Wisconsin corporation

Its: Member

Date

By: Northwestern Investment

Management Company, LLC,

a Delaware limited liability company,

Its: Wholly-owned affiliate and

authorized representative

By: _____

Its: Managing Director

Attest: _____

Assistant Secretary

1 Date

2
3 By: Wallace Northgate Investor, LLC,
4 a Washington limited liability company,
5 Its: Member

6
7 By: Wallace Properties Development
8 Company LLC,
9 a Washington limited liability company
10 Its: Manager

11 _____
12 By: Kevin R. Wallace
13 Its: President

14
15 _____
16 Date

17 STATE OF WASHINGTON)

18) ss.

19 COUNTY OF KING)

20
21 On this ____ day of _____, 2008, personally appeared before me **Adrienne E. Quinn**, to me known to
22 be the Director of the **Office of Housing of The City of Seattle**, the municipal corporation that executed the within and
23 foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation
24 for the uses and purposes therein mentioned and on oath stated that she was authorized to execute said instrument.

Amy Gray/ASG
Resolution 507 Northgate Apartments
March 24, 2008
Version #1

WITNESS my hand and official seal the date and year first above written.

Print name: _____

NOTARY PUBLIC in and for the State of Washington, residing at

My Commission expires _____

STATE OF _____)

) ss.

COUNTY OF _____)

On this ____ day of _____, 2008, personally appeared before me _____, to me known to be the Managing Director of the Northwestern Investment Management Company, LLC, a Delaware limited liability company, Member of the Northwestern Mutual Life Insurance Company, a Wisconsin corporation, Member of 507 Northgate LLC, a Washington limited liability company that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said party, for the uses and purposes therein mentioned, and on oath stated that ____ was authorized to execute said instrument.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Print name: _____

NOTARY PUBLIC in and for the State of _____,

residing at _____

My Commission expires _____

STATE OF _____)

) ss.

COUNTY OF _____)

On this ____ day of _____, 2008, personally appeared before me _____, to me known to be the Assistant Secretary of the Northwestern Investment Management Company, LLC, a Delaware limited liability company, Member of the Northwestern Mutual Life Insurance Company, a Wisconsin corporation, Member of 507 Northgate LLC, a Washington limited liability company that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said party, for the uses and purposes therein mentioned, and on oath stated that ____ was authorized to execute said instrument.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Print name: _____

NOTARY PUBLIC in and for the State of _____,

residing at _____

My Commission expires _____

STATE OF WASHINGTON)

) ss.

COUNTY OF K I N G)

On this ____ day of _____, 2008, personally appeared before me Kevin Wallace, to me known to be the President of Wallace Properties LLC, a Washington limited liability company, Member of Wallace Northgate Investor LLC, a Washington limited liability company, Member of 507 Northgate LLC, a Washington limited liability company that executed the within and foregoing instrument and acknowledged said instrument to be the free

and voluntary act and deed of said party, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Print name: _____

NOTARY PUBLIC in and for the State of Washington,

residing at _____

My Commission expires _____

Form revised April 10, 2006

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
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Office of Housing	Amy Gray #4-0232	Kathryn Wise 3/9580
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Legislation Title:

A RESOLUTION authorizing the Director of Housing to enter into a Multifamily Housing Limited Property Tax Exemption

Agreement on behalf of the City of Seattle for new multifamily rental housing to be constructed as part of a mixed-use project on property situated at 507 Northeast Northgate Way, Seattle, Washington, under Seattle's 2004 Multifamily Housing Property Tax Exemption Program, Chapter 5.73 SMC.

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- 2
- 3 • Summary of the Legislation: **The proposed resolution authorizes the Director of Housing (OH) to enter into a**
- 4 **Multifamily Housing Limited Property Tax Exemption Agreement (“Agreement”) for new multifamily rental housing**
- 5 **to be constructed at 507 Northeast Northgate Way, Seattle. The value of the new multifamily rental housing will be**
- 6 **exempt from taxation for up to 10 successive years so long as the owner complies with the requirements of the**
- 7 **Agreement and SMC Chapter 5.73, including providing affordable housing units for the duration of the tax**
- 8 **exemption.**

- 9 • **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation*
- 10 *and funding history, if applicable):*

11 The current Multifamily Property Tax Exemption Program was adopted by the City Council in March, 2004. After the

12 Director of OH approves an application for limited tax exemption for multifamily housing under SMC Chapter 5.73, the

13 applicant must enter into a contract approved by resolution of the City Council to receive the exemption. This resolution

14 allows the Director of OH to enter into a Multifamily Housing Limited Property Tax Exemption Agreement with 507

15 Northgate LLC.

16 The 507 Northgate project will provide 163 rental housing units for individuals and small families in a mixed-use facility.

17 Of these, the developer anticipates 49 will be affordable at 70% of median income. The project will contain 111 studio

18 units, 44 one-bedroom units and 6 two-bedroom units. The developer anticipates the affordable units will consist of 34

19 studio units, 14 one-bedroom units and 1 two-bedroom unit. Included in the development will be approximately 55,000

20 square feet of commercial space and an underground garage for parking.

21 The property taxes for the multifamily housing improvements for the first year of the exemption are estimated to be

22 \$294,504 of which \$102,217 is Seattle’s portion for the 507 Northgate project. These are taxes that the property owner

23 would otherwise have to pay. If this project continues to qualify for the tax exemption for the duration of the ten-year

24 period, the amount shifted will increase at a maximum of 1% each year for the ten years. The amount of the tax exemption

25 is estimated by multiplying the value of the residential improvements by the property tax rate effective at the time of

26 application. Taxes are shifted to other taxpayers as follows: the City portion to other City taxpayers; the County portion to

27 other County taxpayers; the State portion to other State taxpayers. The City portion shifted to City taxpayers for the first

28

year of exemption for the 507 Northgate project is estimated to add \$0.33 to the tax bill for the average assess-valued home of \$451,363.

- *Please check one of the following:*

X **This legislation does not have any financial implications.** *(Stop here and delete the remainder of this document prior to saving and printing.)*

t